



Patent and Trademark Office

Overview

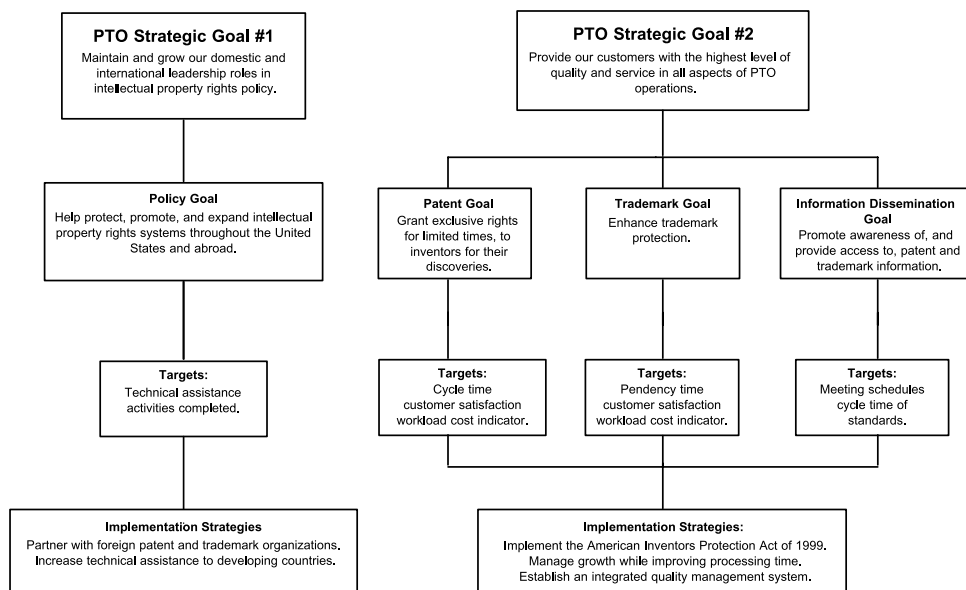
Mission Statement

PTO's mission is to promote industrial and technological progress in the United States and strengthen the national economy by:

- Administering the laws relating to patents and trademarks;
- Advising the Secretary of Commerce, the President of the United States, and the Administration on patent, trademark, and copyright protection; and
- Advising the Secretary of Commerce, the President of the United States, and the Administration on trade-related aspects of intellectual property.

As the steward for the Nation's patent and trademark systems, PTO has maintained its basic role of granting patents and registering trademarks. In this role, PTO operates in a dual management capacity: like a business, totally reliant on its own generated income and accountable for the judicious use of revenue from its fee-paying customers; and as a Federal agency, accountable for maintaining and strengthening the foundation and integrity of the Nation's patent grant and trademark registration systems.

PTO's mission is carried out through two strategic goals. The performance goals and targets directly support one of these two strategic goals as follows:



In compliance with the Government Performance and Results Act and in preparation to becoming a Performance-Based Organization (PBO) on March 29, 2000, the PTO has fully embraced performance-based management throughout its operations. Working closely with various customer groups, the PTO has identified areas of concern and accordingly set high standards for measuring the degree of customer satisfaction, as well as the overall efficiency and effectiveness of its operations. PTO's service standards reflect an unusual and aggressive commitment that is often difficult to attain. At the same time, however, these service standards attest to the PTO's genuine commitment to its customers – a commitment that could serve as a model in performance management in the Federal government.

Strategies and Activities

In fiscal year 1999, the PTO received significantly more patent and trademark applications than planned, due primarily to a robust domestic economy. Despite increased workloads, PTO made significant progress toward meeting its fiscal year 1999 performance commitments. In patents, we received 12 percent more applications than planned and 13 percent more than in 1998, we increased the staff of the examining corps by 435 examiners, we disposed of 219,556 applications and we attained an average cycle time of 12.9 months. In trademarks, we received 7 percent more trademark applications than planned and 27 percent more than we received the previous year, yet we decreased pendency time to first action to 4.6 months, a decrease of 36 percent from 7.2 months a year ago. We pursued electronic filing and received more than 20,600 trademark applications on-line. The current rate of filing electronically is approximately 2,000 applications per month. We also expanded the patent and trademark data available to our customers via the Internet. Currently, more than 20 million pages in the databases comprise two terabytes of science and technology information and more than 100 years of marketing creativity.

PTO is unable to meet its performance targets and customer expectations primarily because of the unprecedented number of patent and trademark application filings. For example, the number of patent and trademark application filings have a direct impact on our ability to reduce patent cycle time and trademark pendency time. Despite our reengineering activities and investments in technology, the examination of patent and trademark applications can only be done by highly skilled experts.

The primary workloads that drive PTO operations are patent and trademark filings. Our performance targets to reduce patent cycle time and trademark pendency time are directly related to the number of applications that we receive each year. Both patent and trademark application filings are related to domestic and global economies. We have experienced a steady growth in application filings in the last decade of the 20th century. While patent application filings in fiscal year 1989 were 151,331, they reached an unprecedented mark of 272,221 in fiscal year 1999. In trademarks, the annual growth rate from fiscal year 1992 to 1999 has averaged 12 percent.

**PTO Performance Goal 1:
Help protect, promote, and expand intellectual property rights
systems throughout the United States and abroad**

Rationale for Performance Goal:

Technical assistance is one method of promoting U.S. competitiveness in the global marketplace. Assistance also strengthens and safeguards the Nation's economic infrastructure by indirectly promoting and shaping intellectual property throughout the world. PTO provides seminars and technical training to officials in countries on reforming their intellectual property structures.

The PTO is working with the World Intellectual Property Organization (WIPO) to achieve electronic filing of Patent Cooperation Treaty (PCT) applications. The PTO will electronically receive and process PCT applications at the PTO in FY 2001.

FY 1999 Performance

Measure 1.a:

Number of technical assistance activities completed

PTO met its performance goal by enhancing its activities to include compliance with the Agreement on Trade-Related Aspects of Intellectual Property's (TRIPS) Article 67. Article 67 requires developed country members of the World Trade Organization to provide technical assistance to developing and least-developed countries in preparing laws and regulations on the protection and enforcement of intellectual property.

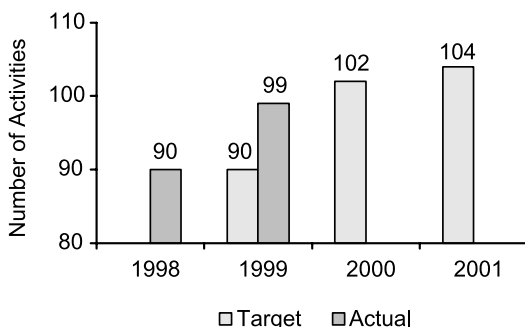
PTO continued working with WIPO to develop activities that would incorporate information technology in the administration of intellectual property systems.

FY 1999 Target	90
FY 1999 Actual	99
Analysis	Target exceeded. The target for the number of technical activities completed was exceeded by 9 due to the increased level of requests for assistance that were received by the Office of Legislative and International Affairs (OLIA) during FY 1999. This increase was especially noticeable at the end of FY 1999 as the January 1, 2000 deadline for compliance with TRIPs approached. The costs for much of the increased activity were covered by other government agencies or intergovernmental organizations (such as WIPO, Commercial Law Development Program (CLDP), United States Agency for International Development (USAID), etc.) paying for country representatives to visit the U.S.

Data Validation and Verification

Data Source: Records maintained by the PTO's Office of Legislative and International Affairs (OLIA).
 Frequency: Annual
 Baseline: 59 (FY 1998)
 Data storage: OLIA's records
 Verification: Completeness and existence of supporting data is verified during the annual financial statement audit. Final test for reasonableness is performed internally.

Number of Technical Assistance Activities Completed



FY 1999 Program Evaluation for PTO Performance Goal 1

Quality Management

PTO conducted a self-assessment using the Baldrige criteria to project key requirements for delivering ever-improving value to customers while maximizing overall effectiveness and productivity of the delivering organization.

Customer/Stakeholder Input

In conjunction with the National Academy for Public Administration, PTO conducted customer/stakeholder focus sessions to gain a better understanding of their perspectives on end outcomes of the patent and trademark systems. Through partnering efforts with our customers/stakeholders PTO can measure the quality of our products and services for overall customer/stakeholder satisfaction and expectations to ensure we are meeting our performance goals and targets. For example, there was a strong emphasis on PTO's international role in representing U. S. interest on an international level with the goal of better harmonizing global intellectual property protection regimes.

Technical Assistance/Training

Beginning in FY 2000, OLIA is tracking the opinions of the students regarding the effectiveness of training sessions.

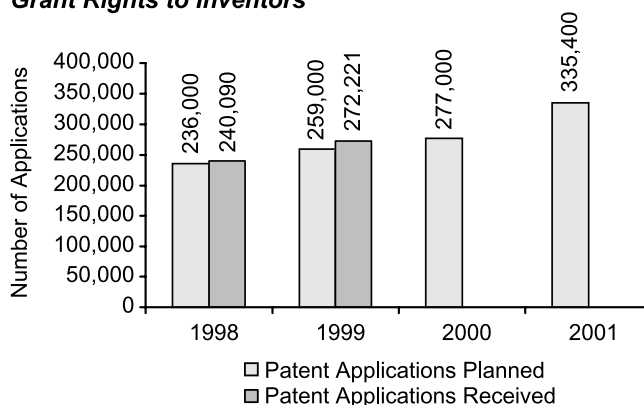
PTO Performance Goal 2: Grant exclusive rights, for limited times, to inventors for their discoveries

Rationale for Performance Goal:

This performance goal will be accomplished by processing all inventions in 12 months. A PTO decision on patentability must be timely and of high quality, because it influences investment, development and marketing strategies, and eventually, the financial viability of U.S. businesses.

In fiscal year 1999, patent applicants filed 272,221 applications. This was 12 percent more than planned and 13 percent more than was filed in the previous year.

Grant Rights to Inventors



In support of the E-Commerce initiative, the Patent Business is accelerating electronic processing of patent applications.

The PTO is testing reengineered patent examination processes and automated systems; deploying electronic processing of patent applications; maximizing the term of patent protection for the inventor; and establishing a fee structure that encourages participation in the patent system while reflecting costs. Finally, PTO is offering Patent employees innovative training programs.

FY 1999 Performance

Measure 2.a:

Average cycle time of inventions processed

In order to meet its ultimate objective of processing all inventions in 12 months, PTO has established intermediate average cycle time targets. PTO fell short of meeting the fiscal year 1999 intermediate target of 10.9 months average cycle time (or processing 75 percent of inventions in 12 months), primarily due to external factors of unprecedented growth. In FY 1999, the PTO hired 800 new patent examiners in a very tight job market for high technology recruits. We used creativity in employing recruitment bonuses, higher step levels, and an aggressive recruitment campaign. Other management initiatives included

offering employee incentives in areas such as amendment processing, and mailing of filing receipts.

FY 1999 Target	10.9 months
FY 1999 Actual	12.9 months
Analysis	<p>Target substantially met (84%). Patent application filings exceeded projections and reengineering the publication process took longer than planned to implement. As a result, cycle time gains did not materialize as expected in FY 1999.</p> <p>Plan to achieve next target: Meeting the target remains a challenge. To the extent resources are available, hiring to meet increased workloads, and investments in new ways of doing business and technology will be emphasized.</p>

Data Validation and Verification

Data Source: Automated systems (Patent Application Locator and Monitoring – PALM)

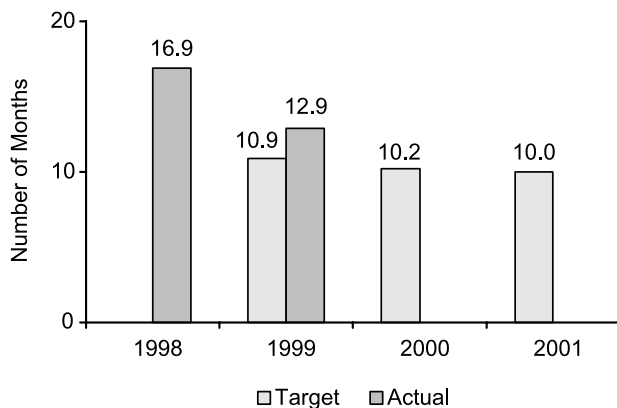
Frequency: Input—Daily; Reporting—Monthly

Baseline: 14.6 months

Data storage: PALM, Automated systems, and reports.

Verification: Completeness and existence of supporting data is verified during the annual financial statement audit. Final test for reasonableness is performed internally.

Average Cycle Time of Inventions Processed



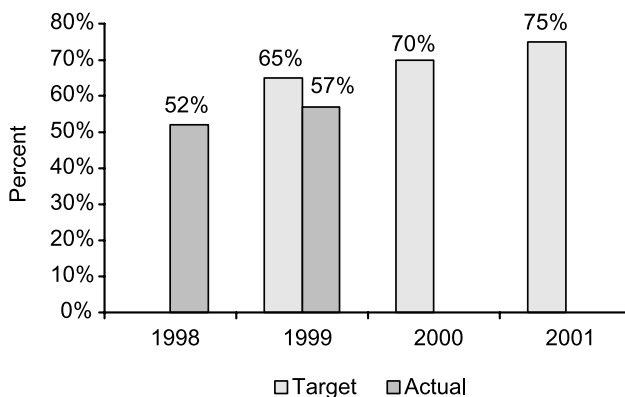
Measure 2.b:
Percentage of customers satisfied

FY 1999 Target	65%
FY 1999 Actual	57%
Analysis	<p>Target substantially met (88%). On the basis of the results of the 1999 Annual Customer Satisfaction Survey, customer satisfaction with the patent process improved. Each of the four key driver results increased in FY 1999 between seven and eleven percent. Although the target was not fully met, the rate of customer satisfaction increased by five percentage points compared to the previous year.</p> <p>Plan to achieve next target: Continue focusing on quality improvement activities such as facilitating information sharing with employees, training, analysis of customer feed back, and improved examiner work tools.</p>

Data Validation and Verification

Data Source: Customer surveys
Frequency: Surveys are currently conducted and results reported annually.
Baseline: 50%
Data storage: Paper report, electronic file with contractor.
Verification: Completeness and existence of supporting data is verified during the annual financial statement audit. Final test for reasonableness is performed internally.

Customer Satisfaction



FY 1999 Program Evaluation for PTO Performance Goal 2

Quality Management

PTO conducted a self-assessment using the Baldrige criteria to project key requirements for delivering ever-improving value to customers while maximizing overall effectiveness and productivity of the delivering organization. In addition, Patents makes use of input from the Office of Quality Review, in-process reviews, and customer service efforts to improve value to customers.

Customer/Stakeholder Input

In conjunction with the National Academy for Public Administration, PTO conducted customer/stakeholder focus sessions to gain a better understanding of their perspectives on end outcomes of the patent and trademark systems. Through partnering efforts with our customers/stakeholders PTO can measure the quality of our products and services for overall customer/stakeholder satisfaction and expectations to ensure we are meeting our performance goals and targets. We have also used survey instruments to validate our standards and to obtain input on pendency/cycle time measures and targets, measuring our performance and continually validating our customer/stakeholder service standards.

Patent Working Lab

The Patent Working lab to test reengineered processes opened in 1998 and ran for one year. The goal of the lab was to improve patent application processing by training technical support personnel to perform high-level administrative functions to enable examiners to focus their time on legal and technical issues. Based on lessons learned, concepts tested in the Lab focusing on balancing the distribution of work with the potential of delivering improvements in customer and employee satisfaction and greater quality of work products will be piloted on a larger scale in select Technology Centers in FY 2000 to determine if the results would continue to be as encouraging when applied to a larger non-laboratory production environment.

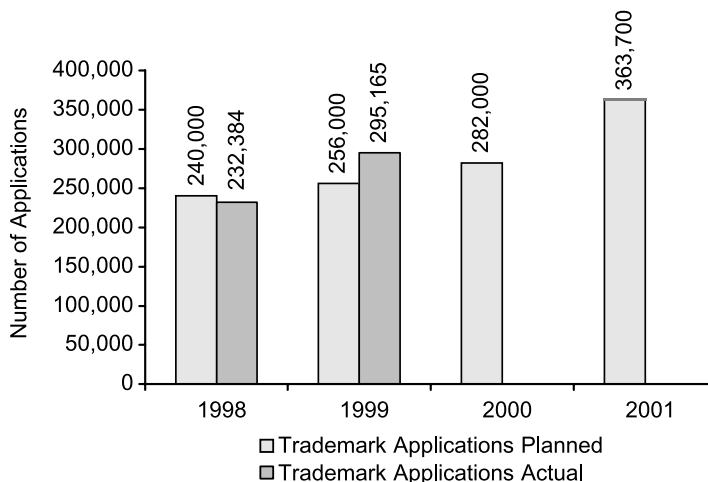
PTO Performance Goal 3: Enhance trademark protection

Rationale for Performance Goal:

This performance goal will be accomplished by rendering a trademark first action in three months.

PTO is maximizing the business potential of trademarks and containing the cost of trademark application processing.

In fiscal year 1999, trademark applicants filed 295,165 applications. This was 7 percent more than planned and 27 percent more than was filed in the previous year.



PTO is reducing trademark processing time, and providing trademark customers the option to file applications and related papers electronically by placing an electronic trademark application on the PTO web site. Finally, PTO is establishing a fee schedule that encourages participation in the trademark system, and aligns with cost, and is offering employees innovative training programs and work-at-home opportunities.

In support of the E-Commerce initiative, the Trademark Business will enhance communication with customers and employees by transforming trademark processing into a fully electronic operation.

FY 1999 Performance

Measure 3.a: Pendency time to first action

In order to meet its ultimate objective of rendering a trademark first action in three months, PTO has established intermediate targets. PTO fell short of meeting the FY 1999 intermediate target of 3.9 months first action pendency time, primarily due to external factors of unprecedented growth. In FY 1999, the number of law offices was increased from 9 to 15, and the number of

trademark examining attorneys was increased by 80 to 367. Because of the growth in filings and the increase in staffing to address that growth, disposals were less than expected as the more experienced examiners devoted much of their time training and mentoring the large number of new hires.

FY 1999 Target	3.9 months
FY 1999 Actual	4.6 months
Analysis	<p>Target substantially met (85%). Although the target was not fully met, there was a decrease in first action pendency from 7.2 months at the end of FY 1998 to 4.6 months, an improvement of 36 percent.</p> <p>Plan to achieve next target: Meeting the target remains a challenge. To the extent resources are available, hiring to meet increased workloads and investments in new ways of doing business and technology will be emphasized.</p>

Data Validation and Verification

Data Source: Automated systems (Trademark Application Monitoring – TRAM)

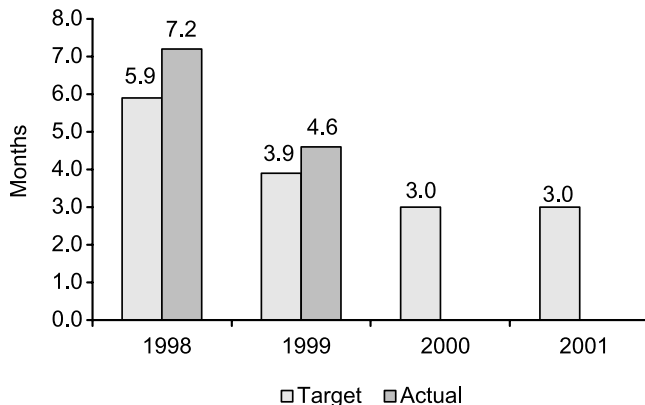
Frequency: Input—Daily; Reported—Monthly

Baseline: 5.9 months

Data storage: TRAM/Trademark Information System

Verification: Completeness and existence of supporting data is verified during the annual financial statement audit. Final test for reasonableness is performed internally.

Pendency Time to First Action



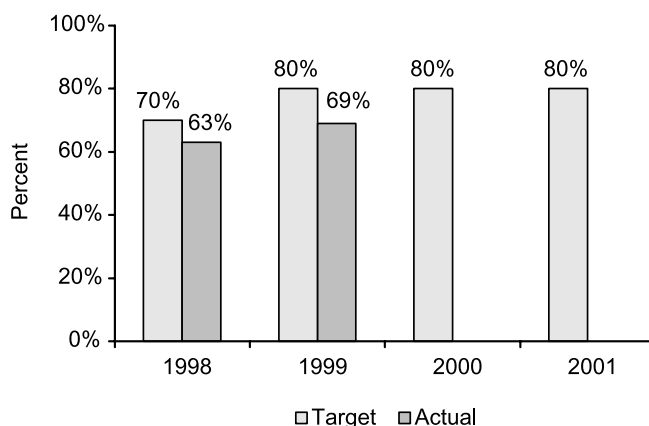
Measure 3.b:
Percentage of customers satisfied

FY 1999 Target	80%
FY 1999 Actual	69%
Analysis	<p>Target substantially met (86%). Overall customer satisfaction increased from 63 percent in FY 1998 to 69 percent in fiscal year 1999. Although this was short of the target, there was significant improvement in several important areas.</p> <p>Plan to achieve next target: Efforts will be focused on internal processing issues relating to timeliness and the handling of delays and mistakes, two problem areas that although much improved from the FY 1998 results require further attention and improvement.</p>

Data Validation and Verification

Data Source: Customer surveys
Frequency: Surveys are currently conducted and results reported annually.
Baseline: 64%
Data storage: Paper report; electronic file with contractor.
Verification: Completeness and existence of supporting data is verified during the annual financial statement audit. Final test for reasonableness is performed internally.

Customer Satisfaction



FY 1999 Program Evaluation for PTO Performance Goal 3

Quality Management

PTO conducted a self-assessment using the Baldrige criteria to project key requirements for delivering ever-improving value to customers while maximizing overall effectiveness and productivity of the delivering organization.

Customer/Stakeholder Input

In conjunction with the National Academy for Public Administration, PTO conducted customer/stakeholder focus sessions to gain a better understanding of their perspectives on end outcomes of the patent and trademark systems. Through partnering efforts with our customers/stakeholders PTO can measure the quality of our products and services for overall customer/stakeholder satisfaction and expectations to ensure we are meeting our performance goals and targets. We have also used survey instruments to validate our standards and to obtain input on pendency/cycle time measures and targets, measuring our performance and continually validating our customer/stakeholder service standards.

Trademark Work-At-Home

The Work-at-Home project was piloted for two years beginning in March 1997. The project tested the technical feasibility of providing access to office equipment and access to information databases to 18 examining attorneys working from their homes three days a week. The project was concluded in March 1999, and the final evaluation report shows that the 18 examining attorneys increased their productivity significantly. The Office plans to expand the program to up to 80 examining attorneys in the next year and is considering further expansion as a way of addressing ever increasing filings and limited office space.

Performance Goal 4: Promote awareness of, and provide effective access to, patent and trademark information

Rationale for Performance Goal:

Timely availability of patent and trademark information is critical to the user community.

PTO is offering electronic accessibility to customers to check application status, place orders and receive products via the Internet. The PTO is also offering employees innovative training programs and establishing a fee schedule that encourages participation in the patent and trademark systems and aligns with cost.

To support the E-Commerce initiative, the Information Dissemination Organization (IDO) is enabling customers to use the Internet to request the status of their patent and trademark applications, to place orders and receive products, and to access patent and trademark data.

FY 1999 Performance

Measure 4.a:

Percentage of key products and services meeting schedules or cycle time of standards

FY 1999 Target	80%
FY 1999 Actual	64%
Analysis	<p>Target was substantially met (80%). Unusual production problems created delays in meeting delivery standards. Three key products did not achieve cycle time targets: assignment recordation (actual workload exceeded projected workload), products were not delivered to the Search Rooms in time to meet service goals, and USAPat CD-rom production was suspended for two months while the GPO resolved contractual issues. This latter issue has been resolved and the IDO organization is working to resolve the other two issues.</p> <p>Plan to achieve next target: Meeting the target remains a challenge.</p>

Data Validation and Verification

Source: Internal IDO records; automated systems (the Order Entry Management System, and the Patent and Trademark System); customer surveys.

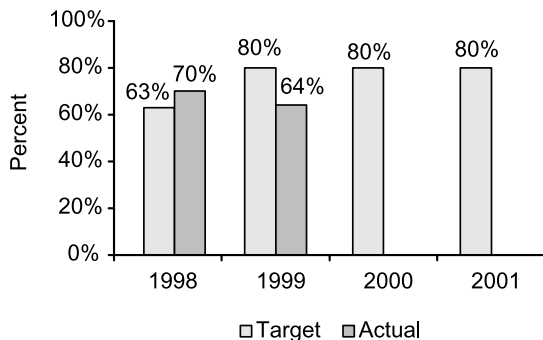
Frequency: Quarterly

Baseline: 63%

Data storage: Program reports and automated systems.

Verification: Completeness and existence of supporting data is verified during the annual financial statement audit. Final test for reasonableness is performed internally.

Key Products and Services Meeting Schedules or Cycle Time of Standards



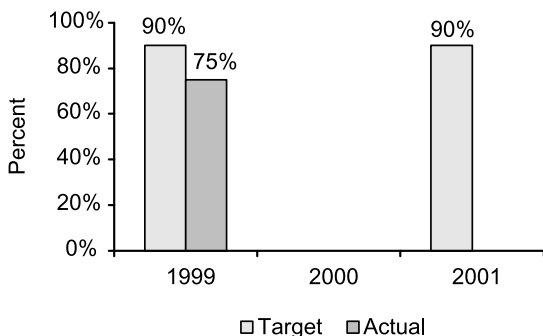
Measure 4.b: Percentage of customers satisfied

FY 1999 Target	90%
FY 1999 Actual	75%
Analysis	<p>Target was substantially met (83%).</p> <p>Plan to achieve next target: Continue focusing on quality improvement activities such as facilitating information sharing with employees, training, analysis of customer feed back, and improved examiner work tools.</p>

Data Validation and Verification

Source:	Customer surveys
Frequency:	Surveys are currently conducted and results reported every two years.
Data storage:	Paper report; electronic file with contractor.
Verification:	Completeness and existence of supporting data is verified during the annual financial statement audit. Final test for reasonableness is performed internally.

Customer Satisfaction



Note: Customer satisfaction surveys are conducted every two years.

FY 1999 Program Evaluation for PTO Performance Goal 4

Quality Management

PTO conducted a self-assessment using the Baldrige criteria to project key requirements for delivering ever-improving value to customers while maximizing overall effectiveness and productivity of the delivering organization.

Customer/Stakeholder Input

In conjunction with the National Academy for Public Administration, PTO conducted customer/stakeholder focus sessions to gain a better understanding of their perspectives on end outcomes of the patent and trademark systems. Through partnering efforts with our customers/stakeholders PTO can measure the quality of our products and services for overall customer/stakeholder satisfaction and expectations to ensure we are meeting our performance goals and targets. We have also used survey instruments to validate our standards and to obtain input on pendency/cycle time measures and targets, measuring our performance and continually validating our customer/stakeholder service standards.

